of future income of the student for the payment of instalments is taken. The scheme provides broad guidelines to banks for operationalising the educational loan scheme and the implementing bank will have the discretion to make changes for the convenience of the students/parents to make it more customer friendly. Banks have the discretion to sanction higher amounts of education loan for studies in India and abroad based on their commercial judgement and as approved by their respective Boards. The circular also provides discretion to banks that wish to support highly meritorious/deserving students without security.

(c) and (d) The data generating system of Reserve Bank of India does not provide for details of the State-wise information on education loans disbursed and the number of loan applications rejected. However, the bank-wise details of the number of accounts and amount disbursed by public sector banks under educational loan scheme during the last three years *i.e.* 2002-03, 2003-04 and 2004-05 (upto August, 2004) are indicated in the Statement. *[Referto the Statement appended to the answer to Unstarred Question* 1928 *Part(b) and (c)]*

Non-refusal of renewal of mediclaim insurance policies

1968. SHRIMATI MOHSINA KIDWAI: Will the Minister of FINANCE be pleased to state:

(a) whether the insurance companies are refusing to renew the mediclaim insurance policies of those policy holders who have fallen sick and have claimed medical expenses from insurance companies;

(b) if so, the legal position in this regard; and

(c) what action Government are taking to check this anomalous practice?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) By and large mediclaim policies are renewed whether or not claims are made under the policies. However, where the claim experience is very adverse, it is likely that insurers may refuse to renew such policies.

(b) Mediclaim policies are normally one year contracts. There are a few products that have **a** longer term like 3 years or 5 years. Renewal on expiry of a policy is done with the mutual consent of the insurer and the insured. Therefore, as per law, insurers are not bound to renew the policy.

(c) Grievance redressal mechanism is in place in all the public sector insurance companies. Apart from this, there are 12 ombudsmen for settling grievances expeditiously. These fora are available to all the policy holders for redressal of grievances in the event of violation of contract including delay and repudiation of claims.

Establishment of Stree Shakti Grameena Bank

1969. DR. VIJAY MALLYA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the previous Karnataka Government had launched a popular programme called 'Stree Shakti' for empowering women through self-help groups;

(b) whether there is any proposal submitted by the State Government of Karnataka for establishment of 'Stree Shakti Grameena Bank' and other similar banking institutions; and

(c) if so, when would necessary permission be accorded for the establishment of any such banking institution?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes Sir, the "Stree Shakti" Programme was promoted by the Govt. of Karnataka for empowering women through Self Help Groups (SHGs). By providing state support of about Rs. 60 crores, the State Government had formed and supported 1 lakh "Stree Shakti" groups over the last four years. Together these groups cover nearly 15 lakh families.

(b) and (c) The State Government through its Women and Child Development Department had proposed to set up a dedicated banking institution for providing adequate and timely credit services to SHGs in the State and the same was referred to Reserve Bank of India (RBI). RBI in its reply to the State Government indicated that under the provisions of Banking Regulation Act-1949, there is no such concept as a limited purpose bank. Further, a bank granted licence under section 22 of the said Act would be required to provide banking services to the general public and not merely to a particular clientele. Therefore, the proposal of the State Govt. could not be accepted by the RBI. .